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Sue Ellspermann
LT. GOVERNOR

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Lt. Governor Sue Ellspermann announces Blight Elimination Program

State to utilize Hardest Hit Funds for addressing Indiana's blighted homes

Indianapolis – Indiana municipalities may now qualify for funds to help demolish blighted and abandoned homes in their communities through the Hardest Hit Fund Blight Elimination Program aimed at preventing foreclosures.

Lt. Governor Sue Ellspermann, who oversees Indiana Housing and Community Development Authority (IHCDA), announced today that the U.S. Department of the Treasury approved the use of \$75 million of Indiana's Hardest Hit Funds for its Blight Elimination Program. The Blight Elimination Program will provide funds to Indiana municipalities, through a competitive application process, to address foreclosure prevention and eliminate blighted, vacant and abandoned homes.

"Blighted homes drain our neighborhoods, communities and businesses of valuable resources," said Ellspermann. "The Blight Elimination Program will provide funds to address problematic homes, stabilizing property values, improving public safety and bolstering civic pride."

"Communities across Indiana continue to struggle with the negative effects of vacant and blighted homes, which in turn add to increased foreclosures and weaken neighborhood revitalization efforts," said U.S. Treasury Under Secretary Mary Miller. "The U.S. Treasury is pleased to work with the State of Indiana as they launch this new effort to eliminate neighborhood blight and strengthen communities hardest hit by the economic crisis."

These funds will be drawn from the \$221.7 million Hardest Hit Fund money allocated to Indiana. The program would allow communities to demolish blighted properties and offer a variety of end uses for the newly cleared properties, such as green space or redevelopment.

The State of Indiana has been divided into funding divisions. Any municipality wishing to receive funds to demolish blighted homes must apply to IHCDA. Municipalities will apply for funds from the funding division in which their county is located. The first funding division application period will begin in February 2014.

“Indiana communities are burdened with thousands of blighted and abandoned homes, and many simply don’t have the resources to address the issue,” said Mark Neyland, Director of Asset Preservation for IHCD. “The Blight Elimination Program is designed to help municipalities address some of their worst properties, helping to prevent foreclosures in neighborhoods, a significant step toward rebuilding local communities.”

IHCD estimates that approximately 4,000 blighted and/or abandoned homes in Indiana will be demolished through the Blight Elimination Program. Interested municipal leaders should visit www.877GetHope.org/blight to learn more and apply.

Background

Blighted, vacant and abandoned homes are a serious issue for Indiana homeowners, neighborhoods and communities. Sadly, the State of Indiana has the dubious distinction of having the highest percentage of abandoned foreclosed homes in the country. RealtyTrac and 24/7 Wall Street are reporting that roughly 30% of Indiana’s foreclosed homes are abandoned. This means that due to foreclosure alone, 5,000 blighted and abandoned homes are negatively impacting Indiana homeowners and neighborhoods by reducing property values. Blighted properties also serve as a drain on municipal resources. Many Indiana communities lack the resources necessary to address this growing issue alone.

The U.S. Department of the Treasury established the Housing Finance Agency Innovation Fund for the Hardest-Hit Markets (Hardest Hit Fund) to provide financial assistance to families in the states most impacted by the downturn of the housing market. The U.S. Department of the Treasury designed the overall program to give each participating state the flexibility to tailor its program to the unique factors contributing to its state’s foreclosure problems. Eighteen states and the District of Columbia administer Hardest Hit Fund assistance to qualified homeowners struggling to make their mortgage payments.

Indiana was awarded more than \$221 million under the Hardest Hit Fund and is targeting low- to moderate-income homeowners whose primary residence is in any county in Indiana. The State of Indiana, through IHCD, will use a portion of the Hardest Hit Funds to demolish blighted and abandoned homes that are beyond repair. The goal is not simply to demolish abandoned homes, but to prevent avoidable foreclosures and stabilize property values in Indiana communities. The partnership between IHCD and Indiana municipalities will allow communities to demolish blighted properties and offer a variety of end uses for the newly cleared properties including green space and redevelopment.

Since IHCD’s announcement that it was exploring the use of Hardest Hit Funds to eliminate blighted and abandoned properties, many have expressed concern that doing so might detract from the mission of helping struggling homeowners avoid foreclosure. IHCD would like to reassure the public that blight elimination is simply one more tool in the foreclosure prevention tool kit. As of December 31, 2013, more than 2,700 homeowners have received approximately \$29.5 million in Hardest Hit Fund mortgage payment assistance; and another \$63 million has been set aside to provide mortgage payment assistance to approved homeowners currently enrolled in the program. For more information on Indiana’s Hardest Hit Fund, visit www.877GetHope.org.

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About The Indiana Housing and Community Development Authority: The Indiana Housing and Community Development Authority (IHCDA), chaired by Lt. Governor Sue Ellspermann, creates housing opportunity, generates and preserves assets, and revitalizes neighborhoods by investing financial and technical resources in the development efforts of qualified partners throughout Indiana. IHCDA believes that growing Indiana's economy starts at home. For more information, go to www.ihcda.in.gov.

The Lieutenant Governor manages the following agencies of State government: Office of Defense Development, Office of Community and Rural Affairs, Indiana State Department of Agriculture, Office of Tourism Development, Office of Small Business and Entrepreneurship and the Indiana Housing and Community Development Authority.

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